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(b) (1)
(b) (3)

E120

S. Korea

ACTION INR-00

INFO LOG-00 ACDA-08 ACDE-00 AID-00 AMAD-01 DS-00 EAP-01
EB-00 H-01 TEDE-00 IO-00 L-01 OES-01 PM-00
PMB-00 DSCC-00 DRL-04 /017W

-----026A55 050748Z /38

P 050743Z DEC 97

FM CIA

TO 4360SS DOVER AFB DE//OSN//

4370SS CHARLESTON AFB SC//IN//

ACCIS LANGLEY AFB VA

AIC NORFOLK VA

AMEMBASSY ANTANANARIVO

AMEMBASSY COLOMBO

AMEMBASSY DHAKA BG

AMEMBASSY DJIBOUTI

AMEMBASSY DUBLIN

AMEMBASSY LILONGWE

AMEMBASSY MASERU

AMEMBASSY PORT LOUIS

AMEMBASSY PORT OF SPAIN

AMEMBASSY WELLINGTON

AU MAXWELL AFB AL//IN//

CDR JSOC FT BRAGG NC

CDR TRADOC FT MONROE VA//ATDO-I//

CDR USASOC FT BRAGG NC

CDR4THPSYOPGP FT BRAGG NC

CDRAMC ALEXANDRIA VA

CDRNGIC CHARLOTTESVILLE VA

CDRUSAICFH FT HUACHUCA AZ

CDRUSAISC FT HUACHUCA AZ

CG I MEF

CG MARRESFOR//G-2 OPS//

CG SECOND MAW

CINCLANTFLT NORFOLK VA

CINCUSNAVEUR LONDON UK

CNGB WASHINGTON DC

COGARD INTELCOORDCEN WASHINGTON DC

COMDT COGARD WASHINGTON DC

COMFAIR KEFLAVIK

COMNAVSPECWARCOM CORONADO CA

COMUSARCENT FT MCPHERSON GA

COMUSARMY FT MEADE

COMUSKOREA/J-2/BJ-F

CRYPSUPPGRU USAF RAMSTEIN AB GE

DCDRUSASMD C HUNTSVILLE AL

DEPT OF LABOR

DIA WASHINGTON DC

DIRNAVCRIMINVSERV WASHDC

DIRNSA

DLA FT BELVOIR VA

DSWA WASHINGTON DC

FAA NATIONAL HQ

FEMA MT WEATHER

FEMA WASHDC

HQ ACC LANGLEY AFB VA//INOI//

HQ AFSPC INTEL PETERSON AFB CO

HQ AFTAC INTEL PATRICK AFB FL

HQ DA

JICPAC HONOLULU HI

LANTCOM IDHS NORFOLK VA

MARSCITECCEN YOKOSUKA JA

NAVSTKWARCEN FALLON NV

NAVWARCOL NEWPORT RI

NE SAOC ROME NY//IN//

PACOM IDHS HONOLULU HI

SECSTATE WASHDC

TREASURY DEPT

Good details on page

APPROVED FOR RELEASE

DATE: DEC 2006

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Lot # 98D203, Box #6

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USCENTAF INTEL SHAW AFB SC/IN
USCINCOM NORFOLK VA
USCINCENT MACDILL AFB FL
USCINCEUR INTEL VAIHINGEN GE
USCINCEUR VAIHINGEN GE
USCINCPAC HONOLULU HI
USCINCSO MIAMI FL
USCINTRANS INTEL CEN SCOTT AFB IL
USIA WASHDC
USMISSION USUN NEW YORK
WESTERN AIR DEF SX//IN MCCHORD AFB//
WESTPAC INTEL BCST
WHITE HOUSE SITUATION ROOM

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SECTION 1 OF 3
CITE CIA 605341
FROM: ODDI/NPT INFO ODDI/NID

PASS: AFTAC PATRICK AFB/IN; DEPT OF STATE FOR SECSTATE AID; DIA FOR
EAB; CINCEUR FOR POLAD; USCINCSO QHTS PANAMA FOR POLAD; AIR
UNIVERSITY FOR STATE REP AND CIA REP; NAVY WAR COLLEGE FOR STATE DEPT
REP; TREASURY DEPT ATTN MRS BECK DADS; COMUSARMY FT MEADE FOR SPECIAL
RESEARCH DET; COMDT COASTGUARD FOR POLAD; HQ TAC FOR TACOPS/INOI; HQS
DLA FOR CIS; NPIC FOR PB CABLES; CINCUSAFE FOR INOCN XPNN; AMC INTEL
CEN SCOTT AFB IN; CDRUSAITAC WASHDC FOR GIPD; HQ AFSOC HURLBURT FLD
FL//IN//; CDR USASOC FT BRAGG NC//AQIN//; COMNAVSPCWARCOM CORONADO
CA//N2//; CDR4THPSYOP GP FT BRAGG NC//ASOF POG//; 24 COMP WING HOWARD
AFB DOI; 26AD LUKE AFB ARIZ//INEZ; 92BMW FAIRCHILD AFB WA/IN, 9TH AFB
SHAW SC//IN//; COMUSARCENT FT MCPHERSON GA; COMUSCENTAF SHAW AFB
SC//IN//; CG I MAF CAMP PENDLETON CA//G2//; FAA//ATTN ACS-400; NE AD
SECTOR GRIFFISS AFB PASS TO IN; HQ AFSPACECOM/IN; USTRANS INTEL CEN
SCOTT AFB//CIA REP; COMFAIR KEFLAVIK IC//N2//; HQ AFSPACECOM PETERSON
AFB CO/INTEL/INO/INA/INU; HQ DA PASS TO TRAMO; MARCORINTACT DET
QUANTICO VA//DCIREP//COGARD INTELCOORDCEN WASHINGTON DC; CDRUSAICFH
FT HUACHUCA AZ//ATZS CDI-T//PASS TO GENERAL STEWART; CMISE
XVIIIABNCORPS FT BRAGG NC; CDRUSAISC FT HUACHUCA AZ//ASIS//;
CDRTRADOC//ATDO-I//; CDRNGIC//IANGIC-OPS//; CDRAMC//AMCMI-D-O//;
DCDRUSASDC//CSSD-IN-IA//

SUBJECT: H/W SUPPORT CABLE FOR EAST ASIA BRIEF ODDI EAB 97/282 FOR 05
DECEMBER 1997

REF: NONE.

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CIA 01 OF 03 12050743

CONTENTS

1. SOUTH KOREA: IMF AGREEMENT LAUNCHES REFORM PROCESS

EAST ASIA

1. SOUTH KOREA: IMF AGREEMENT LAUNCHES REFORM PROCESS

//THE \$57 BILLION IMF AGREEMENT PROVIDES SOUTH KOREA SUFFICIENT
FOREIGN EXCHANGE TO AVOID IMMINENT DEFAULT ON ITS FOREIGN DEBT. THE
TIGHTER FISCAL AND MONETARY POLICIES PRESCRIBED BY THE IMF WILL HELP

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[REDACTED]

STABILIZE FINANCIAL MARKETS BY CURBING CAPITAL FLIGHT, BUT FOREIGN INVESTORS PROBABLY WILL LOOK FOR CONSISTENT OFFICIAL SUPPORT FOR THE PROGRAM BEFORE COMMITTING FRESH MONEY. SEOUL'S TOLERANCE OF HIGHER UNEMPLOYMENT AND FOREIGN ACQUISITIONS IN THE BANKING SECTOR WILL BE KEY SIGNPOSTS OF ITS WILLINGNESS TO SUPPORT THE PROGRAM.//

-- SOUTH KOREA HAS AGREED TO HOLD ECONOMIC GROWTH NEXT YEAR TO LESS THAN HALF OF THE 6.2 PERCENT ESTIMATED FOR THIS YEAR, ACCORDING TO PRESS REPORTS; HIGHER INTEREST RATES, TIGHTER CREDIT, AND REDUCED REVENUES COULD CAUSE MORE DEBT-LADEN CONGLOMERATES--SUCH AS SSANGYONG--TO GO BANKRUPT. [REDACTED]

SEOUL NEXT YEAR WILL CUT SPENDING AND RAISE TAXES THE EQUIVALENT OF \$7 BILLION OR 1.5 PERCENT OF THE GDP. ONE-HALF OF THE REVENUE IS SLATED TO REDUCE BAD BANK DEBTS AND PAY FOR RESTRUCTURING THE FINANCIAL SECTOR.

-- FINANCIAL RESTRUCTURING IS LIKELY TO BE SLOW, HOWEVER, [REDACTED]

[REDACTED]

THE GOVERNMENT HAS PROMISED TO SUBMIT LEGISLATION THIS YEAR TO IMPROVE MANAGEMENT OF THE FINANCIAL SECTOR BY ESTABLISHING AN INDEPENDENT CENTRAL BANK AND CONSOLIDATING SUPERVISORY AUTHORITY IN ONE AGENCY, ACCORDING TO PRESS REPORTS. //THE NATIONAL ASSEMBLY COULD PASS THE LAWS DURING AN EMERGENCY ASSEMBLY SESSION ON 22 DECEMBER.//

-- THE THREE PRESIDENTIAL CANDIDATES HAVE AGREED TO ABIDE BY THE IMF PACKAGE, BUT THE TWO OPPOSITION CANDIDATES, KIM TAE-CHUNG AND YI IN-CHE, HAVE VOWED TO REWORK THE IMF PROGRAM IF THEY ARE ELECTED. [REDACTED]

[REDACTED]

[REDACTED]

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